

# Novogradac Journal of Tax Credits

News, Analysis and Commentary On Affordable Housing, Community Development and Renewable Energy Tax Credits

March 2012, Volume III, Issue III

Published by Novogradac & Company LLP

## LIHTCs Transform 'Hotel Hell' into Heavenly Housing

By Jennifer Dockery, Assignment Editor, Novogradac & Company LLP

**W**hen Single Room Occupancy Housing Corporation (SRO Housing) acquired the Ford Hotel in Los Angeles, Calif., residents were searching for a way out. The 1920s-era hotel was the epitome of blight. Police made routine trips into the building. Residents witnessed murders and suicides, and many would not enter the community bathrooms alone for fear of attack. Two years later, SRO Housing has transformed the hotel into a model of supportive housing, and its former residents, who once hoped to escape, are now eager to return.

"Being able to restore that hope and that sense of dignity for the people living there is really what redeveloping and preserving affordable housing is all about," said Anita Nelson, SRO Housing's chief executive officer.

The Ford Hotel, renamed the Ford Apartments, is in downtown Los Angeles's Skid Row neighborhood. SRO Housing estimates that there are about 4,000 homeless individuals living in the 50-block area. The neighborhood is also home to many single-room occupancy (SRO) hotels, with a large percentage of them dating from the early part of the 20<sup>th</sup> century. As Los Angeles' population shifted to the suburbs, the SROs, including the Ford, fell into disrepair. Mismanagement and neglect exacerbated the building's decline and it became known as a center of prostitution, drugs and violent crime.

"In recent decades [the Ford Hotel] had a pretty notorious and ugly history," said Jeff Schaffer, Enterprise Community Partners vice president and Southern California market leader. Enterprise invested in the property's low-income housing tax credits (LIHTCs).



*Photo: Courtesy of SRO Housing Corporation*

SRO Housing Corporation and the Los Angeles County Department of Mental Health renovated the historic Ford Hotel, once called Hotel Hell by police, into the Ford Apartments, a supportive, affordable housing development.

In 2008, SRO Housing arranged to buy the building and convert its 295 120-square-foot units into 151 efficiency units. As a condition of the sale, the developer/manager had to provide the property with armed guards 24 hours a day. It managed the building and provided resident services while arranging funding for the first major rehabilitation in the building's history. As crime and blight drove families away, SRO Housing kept the units vacant. During this time, the developer also worked with residents and community members to devise a renovation plan. Once funds were secured for the renovation, the families that remained at the Ford

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were relocated to the developer's other properties and in 2010 a \$28 million renovation was begun.

Renovations included gutting the building, removing asbestos, lead and other hazards, and adding structural supports and seismic upgrades. SRO Housing removed bars from the windows and doors and converted a covered patio area to an open courtyard. Large windows were added to let in more natural light. A community room, game room, library/computer room, laundry rooms and lounges were added on each floor. Unit renovations included doubling their size and adding kitchenettes and bathrooms. Residents also benefit from 24-hour security systems and a live-in manager.



*Photo: Courtesy of the Los Angeles County Department of Mental Health*  
**SRO Housing Corporation removed a roof to create an outdoor courtyard for residents.**

"[SRO Housing] is really working to change the face of Skid Row in Los Angeles. This ... one property ... [is] going to provide housing for 150 households," said Schaffer.

Project funding included LIHTCs and private equity as well as additional state and federal funding. Enterprise provided \$12 million in equity for a 2009 allocation of LIHTCs; the California Tax Credit Allocation Committee awarded the property more than \$482,000 through the Tax Credit Assistance Program; the Federal Home Loan Bank of San Francisco provided \$1.5 million through its Affordable Housing Program; the Community Redevelopment Agency of Los Angeles provided \$4.5 million; and the Los Angeles County Department of Mental Health (LACDMH), Mental Health Services Act Housing program provided \$18.5 million.

Included within the Mental Health Services Act (MHSA) funding was \$9.2 million in operating subsidies. This subsidy allows residents, those earning 29 percent of the area median income (AMI), to live in the newly renovated building. Residents have access to services provided by LACDMH, SRO Housing and other organizations and can meet their caseworkers on site or at the nearby LACDMH clinic. Access to additional clinic services is also available at the Ford Apartments. Services include mental health assessments, individual and group therapy, vocational and educational services, and other services such as a food bank and legal

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ISSN 2152-646X

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Photo: Courtesy of SRO Housing Corporation

Units at the Ford Apartments are partially furnished and include kitchenettes.

assistance that will help residents remain independent.

All of the units are affordable to chronically homeless and very low-income persons. These residents have access to on- and off-site services and benefit from access to public transportation and two SRO Housing-managed city parks. "Services are really there for the residents. We really try to provide those additional recreational and social services," Nelson said.

At press time, LACDMH was assisting in the purchase of household goods, such as bedding and kitchen items, for residents of the partially furnished units. "Things are going well. Now that individuals have moved in, the department is assisting them in obtaining the necessities to start a new home and a new life," said Reina Turner, LACDMH's division chief for housing policy and development.

As the building neared completion, SRO Housing gave tours to former residents. Nelson said that many who toured the building expressed awe at the transformation. It was quite a change from when Nelson had toured the building several years earlier. At that time, residents had asked her how they could get out of the building. "Now, [I'm] hearing them say 'I want in. How do I get in?'" ♦

*This article first appeared in the March 2012 issue of the Novogradac Journal of Tax Credits.*

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